



Caterpillar Inc.
Peoria, Illinois 61629

February 4, 2008

Mr. Arthur Levitt, Jr. and Mr. Don Nicolaisen, Co-Chairmen
Advisory Committee on the Auditing Profession`
Office of Financial Institutions Policy
Room 1418
Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Dear Sirs:

Thank you for the invitation to provide comments.

For more than 80 years, Caterpillar Inc. has been making progress possible and driving positive and sustainable change on every continent. With 2007 sales and revenues of about \$45 billion, Caterpillar is the world's leading manufacturer of construction and mining equipment, diesel and natural gas engines and industrial gas turbines. The company also is a leading services provider through Caterpillar Financial, Remanufacturing, Logistics and Progress Rail Services.

Today, Caterpillar has nearly 500 operations in 50 countries, more than 100,000 employees, and there are more than 120,000 dealer employees and thousands of suppliers doing business on every continent. Over half of our sales are outside the United States, solidifying Caterpillar's position as a global supplier and leading U.S. exporter.

I recently celebrated my 30th anniversary with Caterpillar where I began my career as an accountant. As the chief financial officer and a vice president, I manage Global Finance & Strategic Support Division – one of 31 of Caterpillar's business units – where I am responsible for accounting, tax, treasury, investor relations, audit & compliance, and strategic support services.

I appreciate the opportunity to discuss ways we can ensure the viability and resilience of public company auditing and accounting professions.

I am pleased that the Advisory Committee and the Human Capital Panel recognize input from accounting and finance professionals. You clearly understand how critical that input is to improving the quality of our auditing function. Thank you for the focus.

When organizations are able to issue "clean" and "transparent" financial statements certified by auditors without financial restatements, this shows high integrity. To provide high integrity reporting and auditing, the finance personnel in our organizations must have the proper education and the opportunity to participate in professional learning and

development opportunities. They need support, whether financial or time away from work, to obtain professional certification.

In addition to the role of public company auditing, management accountants play a vital role in high quality financial reporting. Management accountants perform a range of activities that enable an organization to formulate and implement its strategy, drive business performance and create stakeholder value. These activities start with demonstrated accounting expertise including transaction processing and financial reporting.

Accountants working throughout the financial reporting supply chain enable external auditors at the end of the chain to do their jobs right.

I have had the privilege to speak at many Institute of Management Accountants meetings over the past few years. Last June, I accepted the James Bulloch Award on behalf of Caterpillar's commitment and continued sponsorship of continual learning for accounting and finance personnel.

I can tell you the Certified Management Accountant certification or other professional credentialing is key for our 1800 accountants. And we have a credential expertise requirement for our senior leadership team to help ensure long-term, transparent financial reporting and SOX compliance. I am a Certified Management Accountant and Certified Public Accountant.

Our finance and accounting professionals serve as strategic business partners. They are committed to a standard of excellence grounded in a strong ethical foundation and a lifelong commitment to learning.

Although auditors clearly play a vital role in the financial reporting supply chain, that role is at the end of the chain – after the accounting work has been performed. We can improve the quality of human capital and related outcomes (audit and overall financial disclosure quality) by broadening the mission and principles of this committee and other related committees to include the proper education and certification of internal finance function personnel.

The financial reporting supply chain is only as strong as its weakest link. Technical competency must exist throughout to improve the quality of financial disclosures.

According to the U.S. Bureau of Labor Statistics, there are approximately five million finance function professionals in the U.S. They drive business performance in the areas of decision support, strategic planning, internal controls, risk management, audits and the like.

The Institute of Management Accountants has determined that more than 90 percent of these professionals work inside organizations. Ironically, only a small percentage (approximately 5 to 7 percent) works in auditing.

At Caterpillar, we focus on the few key areas where “things must go right” at an enterprise level for us to achieve our vision and strategic goals. One of those areas is People – and we must have a pipeline of talent to be successful.

We are striving to create an inclusive environment that fully engages current and new employees. We are developing a diverse, global leadership team that reflects the markets we serve and the communities where we work. Our goal is to have the right people on our team and to fully recognize – and take advantage of – their unique skills, abilities, experiences and cultural backgrounds.

But we face a challenge as we recruit new professionals. Many new graduates are entering the workforce without the appropriate skill set needed to work in industry. The accounting curriculum at most U.S. colleges and universities focuses on compliance, financial accounting, tax and audit. It does not leverage quality, risk, performance management and leadership development. These skills are critical to applying professional judgment on the job and “building quality into” end-to-end business processes such as financial reporting. Accounting graduates today often are not properly prepared for government, corporate or not-for-profit practice.

I urge the Committee to broaden its mandate to address these concerns. We must carefully examine whether the current accounting educational system prepares graduates for careers in the various fields of accounting, and how it can be improved in the context of the increasing globalization of business and the onset of IFRS.

Thank you.

Sincerely,

A handwritten signature in blue ink, appearing to read 'DBB', with a stylized flourish at the end.

David B. Burritt
Chief Financial Officer and Vice-President
Caterpillar Inc.